

GUIDE TO PROPRIETARY TRADING



WELCOME

In this guide, you'll learn everything you need to know about Proprietary Trading (prop trading). Whether you're looking to explore this career or take your trading to the next level, we'll cover the essentials: **what prop trading is, how it works, its benefits**, and how you can become **a successful prop trader**.

1. WHAT IS PROPRIETARY TRADING?



Proprietary Trading (prop trading) is when a financial firm or trading company invests its own capital in the market, aiming for direct profits rather than earning commissions by trading on behalf of clients. Unlike retail traders or brokers who generate income from client commissions, prop traders keep **100% of the profits from their trades**. Prop trading can involve a wide range of financial instruments, **including stocks, bonds, commodities, currencies, and more**.

Proprietary trading firms often have a competitive edge due to their access to **capital, advanced technology, and market insights**. These firms employ various trading strategies, including index arbitrage, statistical arbitrage, technical analysis, and global macro trading, to generate returns that can surpass traditional investments like index funds or bonds.



2. HOW DOES PROPRIETARY TRADING WORK?

In proprietary trading, traders typically begin with an evaluation phase (often called a “Challenge”) to prove their skills. Once they meet the firm’s risk targets and trading rules, they are provided with a funded trading account to trade. The trader earns a share of the profits they generate, while the prop firm covers the capital and assumes the risk of losses.

This performance-based model encourages traders to focus on honing their strategies **without the risk of using their own capital.**

3. PROPRIETARY TRADING VS. RETAIL TRADING



Retail Trading

Retail trading refers to individuals trading with their own funds on platforms like Robinhood or Webull. Retail traders have **more freedom to trade when and how they want**, but they are **limited by their personal capital and may lack the resources of institutional traders.**

Proprietary Trading

In contrast, proprietary trading involves firms using their own resources and capital to trade financial instruments. **These trades are typically more speculative and involve complex strategies**, often using derivatives and **leveraging market liquidity.** Prop firms allow talented traders to use firm capital, which means **they can scale their trading efforts without risking their own money.**



4. BENEFITS OF PROPRIETARY TRADING

01 Higher Earnings Potential

Prop traders can significantly increase their income based on performance. Unlike traditional employment, where earnings might be capped, prop traders' income grows with their success. The most successful traders can earn substantial rewards, often far beyond typical financial roles.

02 Access to Professional Resources

Prop traders have access to cutting-edge trading platforms, advanced analytics, real-time data, and institutional-grade technology. These resources provide traders with the tools they need to make informed decisions and execute strategies efficiently.

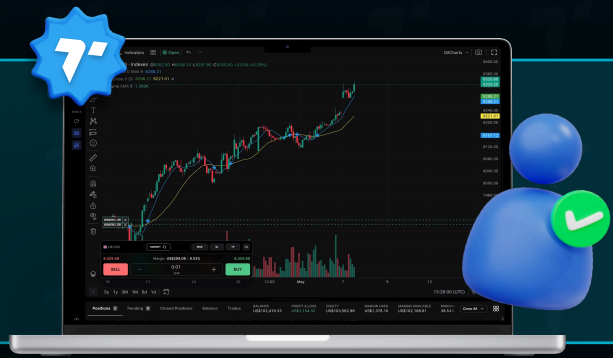
03 Reduced Financial Risk

Since the prop trading firm provides the capital, traders don't risk their own money. This allows them to focus purely on developing their skills and strategies, without the stress of personal financial loss.

04 Mentorship and Learning Opportunities

Many prop firms offer mentorship, training, and educational resources to help traders sharpen their skills and strategies. This ongoing support helps traders stay ahead in a fast-paced and competitive environment.

5. WHY CHOOSE TRADEAPP?



- ✓ **Transparent Policies:** Clear, straightforward rules with no hidden fees, ensuring you know exactly what to expect.
- ✓ **Flexible Milestones:** Smaller, achievable goals with frequent payouts, allowing you to withdraw profits at each milestone.
- ✓ **Cutting-Edge Technology:** Access to the latest trading platforms and technology for optimized performance.

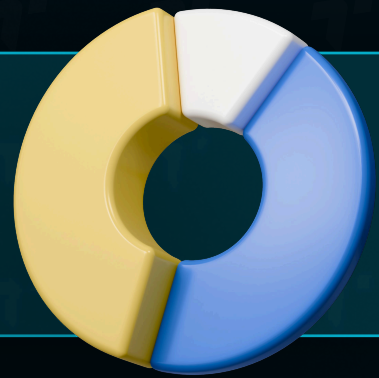


6. HOW DO I BECOME A PROP TRADER?

Most prop traders at traditional firms have backgrounds in fields like finance, economics, mathematics, or physics. However, many successful traders have honed their skills through **self-learning and by trading with their own capital, proving their abilities before joining a prop firm.**

In today's world, it's more common for prop firms to offer accessible entry points, such as trading challenges, where traders demonstrate their skills before getting funded. **This model allows aspiring traders to showcase their talents and earn capital without needing to invest their own money upfront.**

7. HOW MUCH CAN A PROP TRADER EARN?



Earnings for prop traders are typically performance-based, with compensation linked to how well they trade. Here's an overview of **potential earnings by experience level**:

- **Junior Traders:** Typically earn modest profits in the early stages but can **scale their income as they gain experience**.
- **Experienced Traders:** Can earn six figures annually, depending on their performance and volume of trades.
- **Senior Traders:** Earnings can range from **USD 500,000 to USD 5 million**, depending on trading success and market conditions.

